

COINAGE OF THE TRADE-DOLLAR.

ARGUMENTS

BEFORE THE

COMMITTEE ON COINAGE, WEIGHTS, AND MEASURES,

RELATIVE TO

The continuance of the coinage of the silver trade-dollar.

MARCH 22, 1878.—Recommitted to the Committee on Coinage, Weights, and Measures and ordered to be printed.

ARGUMENTS OF HON. HORACE DAVIS, REPRESENTATIVE FROM CALIFORNIA, AND HON. THOMAS WREN, REPRESENTATIVE FROM NEVADA, IN FAVOR OF THE CONTINUANCE OF THE COINAGE OF THE SILVER TRADE-DOLLAR.

WASHINGTON, D. C., March 19, 1878.

Mr. DAVIS said: Mr. Chairman and gentlemen of the committee, I appear before you with reference to the coinage of the trade-dollar. I have seen it stated that there was a proposition before this committee for the abolition of the coinage of the trade-dollar, and I desire to show the committee the necessity that exists for its continuance. First, I shall try and show the committee the condition of our trade exchange in China in early times, and the difficulties which we labored under. Then I will show you how we tried to get over those difficulties by coining the standard dollar, and how we failed in that attempt, and then how the trade-dollar came to be coined; how it was adapted for that purpose; the benefit which has come by it, and the detriment which would come from the abolition of it.

Prior to 1858 our bullion production was nine-tenths gold, and it all went by way of Panama to New York and London. In 1858 came the discovery of the Comstock ledge, and with it came a glut of silver in our State.

At that time exchanges were made in this way: We were trading with China, and in order to pay our debts to China we shipped Mexican dollars there at a great loss, and made up for the balance (which we could not ship in Mexican dollars) by exchanges on London. The Mexican dollar is about the size and value of our trade-dollar. It is very popular in China. It has been found very uniform and very steady in value, and it had become at that time the standard coin of China in all trade transactions. But the Mexican Government had put an export duty upon it, and in order to ship Mexican dollars to China we had to pay that export duty; we had to pay its transportation from Acapulco to San Francisco, and we had to pay the profits of those who

exported it, and, besides, occasionally a speculation was produced by a corner in Mexican dollars.

Mr. DWIGHT. What had you to pay for Mexican dollars?

Mr. DAVIS. The price was very variable. It was rarely less than 8 per cent. premium, and it would run up from that to 22 per cent. premium. But I ought to say to the committee that at that time the 412½-grain dollar was at 3 per cent. premium. It contained 3 per cent. more silver than the dollar was worth as silver was rated at that time; and on the trade-dollar itself we would have had to pay 4½ or 5 per cent. legitimate premium by its weight.

Mr. DWIGHT. You mean premium over the silver dollar of 412½ grains?

Mr. DAVIS. No, sir; but over the gold dollar. I am putting everything upon the gold standard as it stood at that time. In 1858 our people, being thus glutted with silver, undertook to get relief by shipping standard dollars of 412½ grains to China. These dollars were at that time out of circulation. Our people obtained from the government permission to put the San Francisco mint on these dollars, and during the years 1859, 1860, and 1861 there were coined about \$1,300,000 of those standard dollars at San Francisco, and these were shipped to China. I call attention particularly to this fact, because Secretary Sherman has said in the printed notes of his conference with this committee that the 412½-grain dollars can be substituted for the trade-dollars. I repeat, that during the years 1859, 1860, and 1861 we shipped over a million and a quarter of these 412½-grain dollars to China, and the experiment was an utter and absolute failure. The Chinamen utterly refused to take them except simply as bullion. They disappeared as rapidly as they reached China, and after persevering in the experiment for between two and three years, we were obliged to abandon it. Now there is the historical fact; and that is the fact to-day. Nor is it at all strange. The business in China was rated on the level of the Mexican dollar. That dollar contains 377½ grains of pure silver while our standard dollar contains only 371½ grains, and the idea of substituting our standard silver dollar for the Mexican dollar would be very much like trying to put the French franc alongside of our quarter-dollar. All our retail business being done on the business of a quarter dollar, the French franc could not be substituted for it. Neither could you substitute this 371½-grain dollar in China in place of the 377½-grain dollar, so that the experiment utterly failed, and we were driven back to the old system, and renewed our method of shipping Mexican dollars to China and paying the balance in exchange on London. Then we conceived the idea of trying the shipping of fine bars. That was measurably successful. We could make a portion of our shipments in fine bars, but only to a very limited extent.

Mr. MULDROW. What do you mean by a fine bar?

Mr. DAVIS. I mean a parted bar—a pure silver bar.

Mr. DWIGHT. Do you mean assayed bars?

Mr. DAVIS. Not only assayed but parted and brought up to standard fineness, which in England is 925. The highest standard fineness of silver is only 999. In 1872 Dr. Linderman, in consultation with the bankers of San Francisco, conceived the idea (about that time the bonanzas had been discovered and the glut of silver had become fearful) of making a dollar which should be the equivalent of the Mexican dollar, and of making an experiment with it on the Chinese market. There was not much confidence felt in the experiment, but it was determined to try it,

if it would not be too expensive. The government accorded us all the aid it could give us, and we started the trade-dollar. The trade-dollar is worth about $\frac{27}{100}$ of a cent, or, in round numbers, a quarter of a cent more than a Mexican dollar. It contains 378 grains of pure silver against $377\frac{1}{4}$ grains in the Mexican dollar, and against $371\frac{1}{4}$ grains in the standard dollar. We shipped these trade-dollars to China, and the progress which they made there was very rapid, as will be shown by the figures of our shipments. In 1874 the shipments were, in round numbers, three million six hundred thousand; in 1875, five million seven hundred thousand; in 1876, six million one hundred thousand, and last year we coined nine million one hundred thousand. Last year, however, all the trade-dollars were not sent to China. Some of them went into circulation here; but during the calendar year of 1877 there were shipped to China (I telegraphed for this information, which I received), eight million six hundred and ninety-six thousand five hundred and eighty-four dollars in trade-dollars, and I observe by a memorandum which I have here that the shipments during the month of February were clear up to the average of what they had been. They were over eight hundred and twenty-five thousand dollars for the month of February of this year.

I do not question the abuse of the trade-dollar, if it was to be coined for circulation here. I admit that a wrong would be inflicted upon the government and upon private parties by doing so. That I will come to presently. The reason why the trade-dollar has been so popular in China is because it contains a shade larger quantity of silver than the Mexican dollar does, and because it was found to be perfectly accurate in assay and weight. It was found to be a better and more reliable dollar even than the Mexican dollar itself had been, and it has been made a legal tender throughout the southern parts of China, and has become current there by count. I want the committee to understand the meaning of that phrase, "current by count." From a little north of Canton clear down to Singapore it has become a count coin for that enormous mass of people. The Chinese Government has no count coin of its own. The only count coin there is is the Mexican dollar and the trade-dollar.

Mr. CLARK, of Missouri. What do you mean by count money?

Mr. DAVIS. Everything in China goes by weight. For instance, if the standard dollars of $412\frac{1}{2}$ grains were sent there they would only be taken by weight, but the trade-dollar goes by count in the south of China. The confidence which the Chinese have in it has increased, and the trade-dollar has been found so accurate and good, that the Chinese are satisfied now to take the trade-dollars by count all the way from Singapore up.

Mr. CLARK, of Missouri. All other coins they take by weight?

Mr. DAVIS. Yes; except the Mexican dollars.

Mr. DWIGHT. Would they not take the $412\frac{1}{2}$ -grain dollars by count after they became familiar with it?

Mr. DAVIS. I think not, because in the first place we have made the experiment and kept it up for nearly three years and it was an utter failure. The reason of it is very plain. It is because all transactions in China are based upon the Mexican dollar. The Mexican and Spanish dollars have been going there for over 100 years. They are scattered all through the interior of China, and all commercial transactions are based upon it. For instance, if I buy a draft, the transaction is always made in Mexican dollars. If I make a shipment to China and draw against it, the draft is made at the bank in Mexican dollars. They do

not take any other drafts. You cannot expect these exceedingly conservative people (the most conservative people in the world), after they have got a good currency, a currency which their fathers and grand-fathers have been using clear back for 100 years, to give up that currency merely to gratify us, while there stands England with its trade-dollar and Japan with its trade-dollar, both ready to jump in and take the market away from us the moment we cease to coin the trade-dollar. There will be no occasion for the Chinese to take our standard dollar of 412½ grains, because they have plenty of better dollars without it.

Mr. DWIGHT. In your business operations, do you not pay out and receive the standard dollar and the trade-dollar as equal?

Mr. DAVIS. We have never had any 412½-grain dollars in San Francisco. If they circulated at all, of course the trade-dollar and the standard dollar would be on a level.

Mr. DWIGHT. Then the real difficulty seems to be that in your transactions you would receive the heavier dollar at the same rate as the lighter one, and you would get the benefit of the difference.

Mr. DAVIS. I will show you a method by which all that can be remedied. My proposition to this committee will be, if you conclude to continue the coinage of trade-dollars, that you limit the amount, or that you authorize the Secretary of the Treasury to limit the amount to a certain monthly provision which is equivalent to the trade-demand, and that when the trade-dollars are coined they shall be placed in the Treasury, or subtreasury, or custom-house, only to be drawn out for the purpose of exportation, and, if you please, to be placed by government teams upon the ship. Then I do not see what possible competition there can be between the trade-dollar and the standard dollar. The Secretary spoke in his conference with this committee of the possibility of the standard dollar's going over to China and coming back here, but he forgets that it costs, in the first place, 1 per cent. freight to send silver to China, 1 per cent. freight to bring it back, 1½ per cent. insurance for bringing it to China and 1½ per cent. insurance on bringing it back, besides the interest on the money, which would be 1½ per cent. more, so that there is a margin of 6½ or 7 per cent. which would be lost in sending those standard dollars to China and bringing them back again; so that it is hardly possible they should come back.

The CHAIRMAN. What the Secretary of the Treasury said on that point was that the Chinese would take care of it themselves.

Mr. DAVIS. The committee will recollect that the cost of the coinage of these trade-dollars is paid by the depositor. The Secretary of the Treasury is authorized to assess upon it whatever is deemed to be the cost of the coinage, and which Dr. Linderman states to be 1½ per cent. at Philadelphia, and 1½ per cent. at San Francisco and Carson City.

The CHAIRMAN. What you state is that those who hold silver bullion and want trade dollars coined for it pay the expenses of the coinage.

Mr. DAVIS. The Secretary of the Treasury has the privilege of assessing upon them whatever he deems the cost of coinage. I make that statement here, because I find that there is a general impression that the government paid for the coinage of the trade-dollars. That is an error. Now for the benefits which have resulted from this coin. It has turned the tide of exchange, so that now, instead of shipping our bullion to London, and from London round to India and China (which are the great markets to which it all flows), our bullion is put in this popular form, and we are enabled to ship it directly across the Pacific to China, thereby saving the transportation from San Francisco to London, and making San Francisco a rival bullion center with London. It has made

us independent of Mexico. We are no longer obliged to stand this tremendous export duty on the Mexican dollar, which Mexico charged us with, and which, at one time, was as high as 6 per cent. It has made us independent of London, in that we can often sell exchange to London. We not only ship coin and bullion enough to pay our ordinary indebtedness to China, but also enough to pay a large part of the indebtedness of other people. Last year we shipped across over seventeen millions in coin and bullion, over half of it in trade-dollars alone.

And now I want the committee to reflect upon the population of the East. China contains two or three hundred millions of people—nearly one-fourth the population of the world—without a coin of count; and if we can give them a coin that will be absorbed into the mass of that population, and will serve as the coin of count, let me appeal to you, gentlemen—you who are so earnest in the desire to rehabilitate silver, and to put it on a level with gold—to consider the enormous outlet which you are opening up for our silver production, and for the absorption of that silver demonetized by the nations of the old world. There is no field of silver consumption in the world equal to the field that will be obtained if we can make the people of China and of the nations south and west of China take the trade-dollar, and do their commercial transactions with it as a coin of count instead of doing it on a bullion basis.

Mr. MULBROW. How would the absorption of silver in China increase the volume of silver circulation in this country, which is the object of our legislation?

Mr. DAVIS. We want to bring gold and silver on the same level—that is what we want now—to increase the great foundation on which all business stands—to double the foundation. We can do that by increasing the consumption of silver in China, and thereby putting silver and gold upon a level. We do not want, as I understand, to enlarge our own standard of money unless we can maintain it.

Now with reference to the effect upon our commerce. The circulation of the trade-dollar in China has increased the value of the bullion product of the United States. According to the testimony of bankers, as given to the mint commission in 1876, it has increased the value of our silver-bullion product at least 2 per cent. and probably more. On this point I will refer the committee to the annual report of the Director of the Mint for the fiscal year ending June 30, 1877. From page 46 to page 57 of that document there will be found the testimony of leading bankers relative to the purchase of silver bullion, &c. I read from the evidence of Mr. Tompkins, agent of the Hong-Kong and Shanghai Bank of San Francisco.

Q. What effect on the bullion-market here has the coinage of trade-dollars had, in your judgment?—A. It has been of great benefit to the silver producers in bringing silver up in this market.

Q. It has been the means of converting a large amount of silver into a convenient form for shipping?—A. Yes, sir.

Q. They have, to a great measure, taken the place of the silver circulating in that country?—A. Yes, sir; they have not thoroughly supplied it, but they are crowding it out of the market, and taking the place of it to some extent.

Q. Trade-dollars are now practically current in Hong-Kong, Canton, Foo-Chow, Ah-Mow, and Ong-Chow?—A. Yes, sir.

Q. And are working their way as far south as Singapore?—A. Yes, sir; the largest shipments are made to See-Kung for the purchase of rice.

Q. How much do you think the silver market here has appreciated? How much benefit are the producers of silver deriving to-day from the mere fact that the government is coining trade-dollars?—A. I should fancy fully the cost of transportation between here and London—2 per cent.

That is, he says the silver-bullion product of the United States has appreciated 2 per cent. in value by the coinage of the trade-dollar. Now, I will read to the committee from the evidence of another gentleman, Mr. Hickox:

Q. Would your testimony confirm that of Mr. Tompkins in regard to the additional value given to silver in the market here?—A. I think there is no possible question but that the trade-dollar has made a very large demand for silver, which would have been a drug here. Formerly, the only means of getting silver to China was in refined silver bars, and those could only be handled by a few persons, by large importers and heavy shippers. Now the trade-dollar forms the means of shipment for small dealers. They are shipped in amounts of \$100 and upward, and thousands of them are carried away in the hands of passengers privately. * * *

Q. Then, in your opinion, the fact of the government coining trade-dollars at the mint here has added to the value of the silver production of the United States very appreciably?—A. There is no question of that.

Q. Mr. Tompkins stated that he thought that it had raised the value about the cost of the freight and insurance from here to London, which was about 2 per cent. Is that your opinion?—A. I should think that it had really made a value for the silver greater than that. If there were no trade-dollars coined bar-silver would take a range of certainly 4 or 5 and perhaps 6 per cent. below its present rate. * * *

So that, if these statements are true, and if our silver product amounts to forty millions per annum, the coinage of the trade-dollar has given to the United States a clear profit of \$800,000 a year.

The CHAIRMAN. You mean to the people of the United States?

Mr. DAVIS. Yes, sir; to the producers of silver, besides making us independent of foreign nations, and making our own country one of the centers of bullion business instead of being simply a subsidiary feeder of the London market.

There are two objections made to the coinage of the trade-dollar, one of which I have already considered, and that is the fact that if it goes into circulation it discredits the silver dollar of 412½ grains. I do not think that it is a valid objection because it is a matter which can be easily controlled by legislation. If Congress legislate to the effect that the trade-dollar shall only be coined in limited quantities, and shall be kept under the control of the government until it is put on board of a vessel and delivered only for export, I think you will get over that difficulty entirely.

Now, with reference to the lack of mint capacity, there is a valid objection. Of course, if you coin five or six or seven hundred thousand trade-dollars per month, just by so much less can you coin the standard dollars of 412½ grains. We only point out to you the great value of this trade-dollar to the country, and we ask you to restore the mint at New Orleans, or to build a mint at Indianapolis, or somewhere else, and take such measures as may be in your power to provide for what you may deem needful to the country at large. The trade-dollar is an exceedingly valuable adjunct to the business of San Francisco, and the continuance of its coinage will raise the value of silver by keeping open this outlet for our own silver, and it will leave the government free to save the transportation on silver from San Francisco to New York by purchasing at New York the silver which has been demonetized in Europe, and which is now offered for sale. The Secretary of the Treasury expressed some surprise at the fact that silver is higher at San Francisco than it is at New York or London, but it is perfectly natural that it should be. San Francisco is nearer the market. San Francisco is one of the centers of production. London is another center. London is as near to India as we are to China, and silver ought to be a little higher in San Francisco than in London, because the cost of transportation from London to India is about ¼ to ½ per cent.

higher than the cost of transportation from San Francisco to China. Therefore, silver ought to be a little higher in San Francisco than it is in London. It could not be otherwise by the legitimate laws of trade, because it takes less money to bring it into market.

Mr. MULDROW. What is the difference in the value of silver at San Francisco and New York?

Mr. DAVIS. I cannot tell you. I only know that silver is held higher in San Francisco to-day than it is in New York. The Secretary of the Treasury is under the impression that there is a corner in silver out there. I do not know but that there may be, but I know that the production of silver is considerably less than it has been.

The CHAIRMAN. About what amount of trade dollars would meet the demands of business? You say, limit the amount to the monthly demand.

Mr. DAVIS. Let me repeat the figures of the shipment of trade-dollars for the last year. I think it would average, at to-day's condition of the market, from \$700,000 to \$750,000 a month. But if the future is at all like the past, the demand will be very much larger if we continue coining the trade-dollars as freely as the Chinese will take them.

Mr. CLARK, of Missouri. Can we not coin them too freely?

Mr. DAVIS. Yes, sir; but the figures that I give you are the figures of the trade-dollars actually shipped to China during the calendar year. I telegraphed to the Pacific Mail Company at San Francisco to be sure and give the exact figures.

Mr. CLARK, of Missouri. I take it that if the Chinese demand for trade-dollars was equivalent to the supply, none of them would go to New York at all.

Mr. DAVIS. No, sir; but allow me to say to you that there is a large surplus of the coinage of trade-dollars over and above the shipments.

Mr. BREWER. You mean that there have been more trade-dollars coined than there have been shipped?

Mr. DAVIS. Yes, sir. I hope that the committee will not determine to cut off this, which is a very valuable outlet for our silver product. It seems to me that it would be unwise. It seems to me that it would be as unwise as it would be to forbid shipping boots and shoes to the West Indies, or calicoes to Mexico. If the coinage of trade-dollars is discontinued, you cut off the only popular and valuable method we have ever had of shipping our bullion product to China. We have got possession of the market now. We have worked hard for it. We have spent a good deal of money and taken a great deal of trouble to establish the business. The coin has become popular in China; the Chinese like it, and if we cut it off the English and Japanese have trade-dollars of their own, and stand ready with their mints to put their trade-dollars in the market, and to get the same prestige there as we have got. And then, of course, whenever this country is fully supplied with the standard dollar, and we resume the coinage of the trade-dollar, we have got to go through with the same contest again.

Mr. MULDROW. How do the English and Japanese trade-dollars compare in fineness and weight with ours?

Mr. DAVIS. I think they are about the same. The Japanese yen is the equivalent of our standard dollar, and the Japanese trade-dollar and the Hong-Kong trade-dollar are, as I understand, the exact equivalent of our trade-dollar. I speak only from general information. If you find it absolutely necessary to cut off the coinage of trade-dollars, and if the committee is unable to see any way to get out of the present condition of things without suspending the coinage of the trade-dollar,

let it be suspended but not abolished. Let it be suspended for a few months only, until those other mints are got in operation, but I pray that the committee will do no more than that.

Mr. DWIGHT. How would the suspension of trade-dollars for six or twelve months affect you?

Mr. DAVIS. I do not think that the suspension of the coinage for six months would result in any very serious injury, but I should hope that it would be found possible to get one of these other mints in operation inside of that length of time, so that the San Francisco mint could be allowed to resume the coinage of trade-dollars and keep up this business which is so valuable to us.

Mr. DWIGHT. I understand you to say that there have been more trade-dollars coined than are really necessary; and if so, would not a suspension of their coinage relieve you?

Mr. DAVIS. The Secretary of the Treasury can tell you what amount of trade-dollars there is on hand at San Francisco. I have here a newspaper-slip, which came to me last night, showing the quotation of trade-dollars at San Francisco at 97 and 98, and of Mexican dollars at 94 and 95, so that the trade-dollar stands three cents higher than the Mexican dollar. I only mention that to show you what a character our trade-dollar has obtained. As a business-man it seems to me that it would be unwise to throw that advantage away, and to let any other people come forward and take it. I think that we should maintain the fair ground of vantage which we have now in the bullion business, and not be remanded back to be the mere subsidiaries—the mere hand-maids—of the London market and of the London bankers. This is a matter of vital interest to our people.

I thank the committee for the opportunity which is given me and for the patience with which it has listened to me.

Mr. WREN said: Mr. Chairman, if the coinage of the trade-dollar shall be continued, its coinage should be regular, and the Secretary of the Treasury or Director of the Mint should, at no time, suspend its coinage for any considerable period, for the reason that, whenever its coinage is suspended for any great length of time, it rises in value from 3 to 5 per cent. in the San Francisco market.

The committee will readily see how easy it would be, if the power to suspend were uncontrolled, for "corners" to be made for speculative purposes. This has happened in San Francisco more than once, although I presume the Director of the Mint never intended that such a result should follow a suspension of its coinage. I presume, of course, that he is honest, and did not intend that any such result should follow the suspension of its coinage.

The trade-dollar is selling to-day in the city of San Francisco at 97 and 98 cents for exportation to China, six cents over its bullion value in London; and for 99 cents in New York, seven cents over its bullion value in London.

It seems to me that, with these facts before us, nothing further is requisite to show the importance of the continuance of this coinage, with a proviso, however, that the coinage shall be regular.

I think that the suggestion of the chairman, however, on that point was most excellent, and for a reason additional to that given by him. As I understand his reason for the suggestion, it was for the purpose of preventing the circulation of the trade-dollar in the Eastern States,

thereby preventing confusion and embarrassment incident to the use of the trade-dollar and legal tender dollar at home, possessing different values.

I think the trade-dollar will soon be above par for exportation to China and the East Indies. Of course, when that occurs, none will come East.

Mr. CLARK, of Missouri. Can you give any reasons why there have been shipments of trade-dollars to New York?

Mr. WREN. I cannot, although I have heard two reasons given. One was that some 2 or 3 per cent. could be made by their shipment here, but precisely how I never heard. Another reason I heard given was that trade-dollars were sent to New York for the purpose of influencing adversely legislation on the silver question. You will all recollect that the newspapers which were opposed to the passage of the silver bill, made a great ado about the inconvenience of the trade-dollars which had been shipped to the Eastern States. Whether they were shipped here with any such object in view or not, I of course do not positively know. I believe no shipment was ever made before those made just prior to the passage of the silver bill, and none has been made since; at least none to any considerable amount.

At the price at which the trade-dollar is now selling, both in San Francisco and in New York, and at which it will probably sell in the future, it seems to me highly improbable that any eastern shipment is liable to occur again.

If the views taken by the silver men are correct, and silver bullion—after the law shall be in operation a sufficient length of time to affect the market—shall rise to 58 or 59 pence per ounce, English standard, the trade-dollar will certainly rise with it and be above par, and all motive to ship it East will cease.

And now, in relation to the trade with China. Dr. Linderman wrote a little book, entitled "Money and Legal Tender," which was published only last year, and, I believe, in the latter part of last year. He devoted one chapter of this book to the trade-dollar, the reasons of its coinage and the results of its coinage; and it seems to me that no stronger case can possibly be made out in favor of the continuance of its coinage than those given in this book. If the book had been written two or three years ago, conditions might have changed, so that what he said then would have no application at the present time; but he brings the whole matter almost up to the present date in his book.

He says, on page 49, "The United States silver dollar of 412½ grains has never been well received in China, nor amounted to much as a coin in commerce, for the reason that its bullion value is less than that of the old Spanish dollar, and its successor the Mexican dollar, both of which have played a very important part in the commerce of the world."

Commerce in China was carried on in Spanish dollars before the separation of Mexico from Spain; since the separation it has been carried on in Mexican dollars.

Mr. Linderman gives his testimony to the fact already alluded to by Mr. Davis, that the dollar of 412½ grains, notwithstanding we tried for years to carry on our commerce with China in that dollar, has never been well received there.

For a series of years, from 1859 to 1873, the dollar of 412½ grains was coined in this country, and I apprehend mainly for the purpose of carrying on our commerce with China and the Indies, because it had no considerable circulation in the East. It was found that it could not be introduced into China to advantage in competition with the Mexican dol-

lar, a coin with which the Chinese had been accustomed to carry on their commerce with the outside world.

The great body of the Chinese people are semi-barbarous, and it is no easy matter to break down a custom or prejudice they may have in reference to coin or anything else.

I may remark here that the Chinese themselves do not coin money. They have no mint. They receive money by weight, or, as in the case of our trade-dollar, and perhaps of the Mexican dollar, by count. The attempt was then made, as Mr. Davis has already stated, to carry on our commerce with China with bars of fine silver.

All silver contains when melted down more or less of the base metals, usually antimony, lead, and copper. These metals or some one of them are found in the lodes in which the silver is extracted almost universally. I may say in fact that there is no exception to the rule, so that, after the silver is amalgamated by the process used to extract it from the rock in which it is found, it is not in a pure state. These metals amalgamate with the quicksilver along with the silver. The amalgam is melted down into bars that range all the way from 500 to 990 fine. These bars are assayed by the assayers of the various companies producing them, and they stamp them with their fineness, weight, and value. When these bars are exported, of course the parties purchasing them will not rely on the assay made by the producer, and a reassay is made to ascertain their value.

Differences frequently, in fact almost universally, occur between the assays of the producer and the purchaser, and reclamations and troubles grow out of those differences. The committee can readily see from this how difficult it would be to carry on commercial transactions in bars of bullion as they come from the producer, the value of the bullion not being definitely settled.

If, to remedy this difficulty, the bullion is refined at the government mints and the value of the bars is correctly ascertained and stamped upon them, a cost almost equivalent to coinage is incurred, and the bullion is still in an inconvenient form for handling and passing from hand to hand.

Now, the trade-dollar is convenient to pass from hand to hand; both the buyer and seller are content to give and receive it at the stamped value thereon indicated, and, as I have already shown you from Dr. Linderman's book, they are received in China by count; at least, they are so received in very many of the cities and provinces of China, and are received in others by weight without assay, the Chinese people being satisfied that they are of the fineness, and in most cases of the weight which they purport to be, and which the government that has stamped them has certified they are.

MR. MULBROW. Why could not that be done in reference to silver bars also? Could they not be stamped by the government with their weight and fineness?

MR. BREWER. A silver bar is not so handy to circulate as the trade-dollar is.

MR. WREN. I have already explained that the expense would be very nearly that of coinage; and besides, they would not be as convenient for circulation. The Chinese have no mints for coining, and if they received silver bars they would be compelled to send them abroad for coinage. You will, therefore, see that the trade-dollar is far more valuable—being ready for circulation from hand to hand—than silver bars could possibly be; but the best evidence of that is, that trade-dollars command, and always have commanded, a large premium over bullion in bars in

San Francisco, the place where they are most wanted, the place from whence they are exported, and the place at which they are principally coined.

Mr. CLARK, of Missouri. Both you and Mr. Davis have alluded to the point that the value of silver would be increased by the coinage and exportation of the trade-dollar. What other effect would it have on the commerce between this country and China? In other words, what good results, besides that of increasing the value of silver, would it produce?

Mr. WREN. One of the most prominent ideas that suggests itself to my mind is this: that it enables our merchants to make a profit on the silver bullion which they purchase for the purpose of having it coined into trade-dollars, and it affords them a better and cheaper medium with which to carry on trade with China and the Indies than they would have if the coinage of trade-dollars was abolished.

Mr. DWIGHT. Are the trade-dollars exported for anything except in payment of purchases made in China?

Mr. WREN. I think not, to any extent.

Mr. CLARK of Missouri. As I understand you, the coinage of trade-dollars comes into competition with the trade-dollars of England and Japan.

Mr. WREN. Not only that, but our trade-dollars are better received in China than the trade-dollars of either Japan or England.

Mr. DWIGHT. That probably arises from their being worth a little more, and not costing the Chinese any more.

Mr. WREN. Yes, that is it.

Mr. BREWER. If the trade-dollar were done away with, you would be at a disadvantage in your dealings with the Chinese, and Mr. Davis has fixed the disadvantage at from 4 to 6 per cent.

Mr. WREN. It would be fully that. If the coinage of the trade-dollar were abolished, we would have to send our bullion to London and sell it there, if we did not have a market for the whole of it here, and we would have to purchase Mexican dollars or coin elsewhere at a premium with which to carry on our trade, or carry it on again with bars of bullion at great disadvantage.

Mr. RYAN. If the trade-dollars were abolished entirely, the trade between this country and China would be injuriously affected.

Mr. WREN. It so seems to me.

Mr. RYAN. And that would be a loss to this country. Independent of the loss sustained by our merchants in exporting bullion there would also be sustained a direct loss to our commerce.

Mr. WREN. It appears to me that if we are to have commerce we should carry it on with and through the most convenient mediums of trade.

Mr. CLARK, of Missouri. Is there any antagonism between the cities of New York and San Francisco in their contest for the commerce of the world, which would cause it to be for the interest of the one to have trade-dollars and for the interests of the other not to have them?

Mr. WREN. I think not. I think the trade-dollar is as important to the commerce of the city of New York as to the commerce of San Francisco.

Mr. DWIGHT. Would not the Chinese take the standard dollar by weight?

Mr. WREN. No, sir; except at a discount. They take the trade-dollars by count; that is, they prefer them for dollars, as they purport to be on their face.

Mr. DWIGHT. But would they not take the dollars of $412\frac{1}{2}$ grains by weight at the rate of their real value?

Mr. WREN. They would hesitate to do so on as good terms as they take the trade-dollar, because they have been accustomed to carry on commerce with foreign nations in "dollars" of nearly the weight of the trade-dollar, and all their business has been adjusted to that dollar. It is what they have been accustomed to for probably one hundred years or more.

Mr. DWIGHT. As a matter of convenience I suppose they would prefer it, but would they not take a lighter dollar at its real value as compared with the heavier one?

Mr. WREN. It appears that they would not and did not, if Dr. Linderman is correct, and I apprehend that he is. If they had taken the standard dollar at its weight, and if it had been as convenient a medium for the transactions of commerce with China and India as the trade-dollar has proven to be, then the trade-dollar would never have been adopted. The coinage of the trade-dollar was authorized principally because those people would not take the dollar of $412\frac{1}{2}$ grains.

Mr. DWIGHT. They would not take it, of course, at the same value as the Mexican dollar, while the trade-dollar, being a little heavier than the Mexican dollar, they would take it.

Mr. WREN. Most of the principal reasons for the passage of the act authorizing the coinage of trade-dollars, and the results flowing from that coinage, are very clearly and fully stated in Dr. Linderman's book before referred to, pages 47 to 59 inclusive, and are, in my judgment, conclusively in favor of the continuance of their coinage, with proper restrictions.